UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Ex parte JAMES LEISTENSNIDER and THOMAS LOOP

Appeal No. 2006-2031
Application No. 09/373,786
Technology Center 3600

HEARD: September 12, 2006

Before OWENS, LEVY, and FETTING, Administrative Patent Judges.
LEVY, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on appeal from the examiner's final rejection of claims 1-9, which are all of the claims pending in this application.

We REVERSE.

BACKGROUND

The appellants' invention relates to a method and system of creating a portfolio of stock equities based on market capitalization (specification, page 1).

Claim 1 is representative of the invention, and is reproduced as follows:

1. A computer-implemented method for creating a portfolio of equity stocks, comprising the steps of:

determining the composition of a predetermined broad based stock index by accessing a database and creating a list of the stocks making up said index;

obtaining from said database for each stock in said index, data relating to at least market capitalization and sales of the company issuing the stock;

sorting said index list by market capitalization and setting the lowest market capitalization among a predetermined number of stocks in said sorted index list as a predetermined value; and

sorting said index list by sales and placing into said portfolio, until a predetermined number of stocks are reached, a stock having the highest sales of said sales-sorted list and having a market capitalization not less than said predetermined value.

The prior art references of record relied upon by the examiner in rejecting the appealed claims are:

O'Shaughnessy	5,978,778	Nov. 2, 1999 (filed Dec. 20, 1997)
Bloom et al. (Bloom)	6,061,663	May 9, 2000 (filed Apr. 21, 1998)

Claims 1, 4 and 7 stand rejected under 35 U.S.C. § 102(e) as being anticipated by O'Shaughnessy.

Claims 2, 5 and 8 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over O'Shaughnessy.

Claims 3, 6 and 9 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over O'Shaughnessy in view of Bloom.

Rather than reiterate the conflicting viewpoints advanced by the examiner and the appellants regarding the above-noted rejections, we make reference to the answer (mailed October 14, 2005) for the examiner's complete reasoning in support of the rejections, and to the brief (filed July 29, 2002), supplemental brief (filed November 5, 2002) and reply brief (filed December 13, 2005) for the appellants' arguments thereagainst.

Only those arguments actually made by appellants have been considered in this decision. Arguments which appellants could have made but chose not to make in the brief have not been considered. See 37 CFR § 41.37(c)(1)(vii)(eff. Sept. 13, 2004).

OPINION

In reaching our decision in this appeal, we have carefully considered the subject matter on appeal, the rejections advanced by the examiner, and the evidence of anticipation and obviousness

relied upon by the examiner as support for the rejections. We have, likewise, reviewed and taken into consideration, in reaching our decision, appellants' arguments set forth in the briefs along with the examiner's rationale in support of the rejections and arguments in rebuttal set forth in the examiner's answer.

Upon consideration of the record before us, we make the determinations which follow. We begin with the rejection of claims 1, 4 and 7 under 35 U.S.C. § 102(e) as being anticipated by O'Shaughnessy. We note at the outset that appellants group the claims together (supplemental brief, page 2). Accordingly, we select claim 1 as representative of the group. By way of background, we note that to anticipate a claim, a prior art reference must disclose every limitation of the claimed invention, either explicitly or inherently. In re Schreiber, 128 F.3d 1473, 1477, 44 USPQ2d 1429, 1431 (Fed. Cir. 1997). As stated in In re Oelrich, 666 F.2d 578, 581, 212 USPQ 323, 326 (CCPA 1981) (quoting Hansgirg v. Kemmer, 102 F.2d 212, 214, 40 USPQ 665, 667 (CCPA 1939)) (internal citations omitted):

> Inherency, however, may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient. If, however, the disclosure is sufficient to show that the natural result flowing from the operation as taught would

> result in the performance of the questioned function, it seems to be well settled that the disclosure should be regarded as sufficient.

Appellants assert (brief, pages 5 and 6) that the stock database of O'Shaughnessy is not a broad based stock index but rather is a database of all active stocks. It is argued that the databases of O'Shaughnessy are databases of all stocks in existence and cannot be characterized as broad based stock indexes. It is further argued that O'Shaughnessy fails to disclose the steps of sorting the index list by market capitalization, sorting the list by sales and (brief, page 6) "comparing each successive stock having the highest sales in the list with the predetermined value to determine stocks that are acceptable for inclusion in the portfolio, up to a maximum number of stocks."

Appellants additionally assert (brief, page 8) that "[a] disclosure of 'selecting stocks of companies with database records [sic, ","] indicating 'market capitalization in excess of a desired capital amount' as alleged in the Office action does not establish that O'Shaughnessy anticipates claim 1 under 35 U.S.C § 102." Appellants further assert (brief, page 10) that "the S&P Compustat DataBase is a database of all stocks in existence, and therefore is not a 'group of stocks that consists

of an index of different stocks designed to reflect the movement of the entire market,' as defined in the Office action."

The examiner responds (answer, page 8) that with respect to appellants' assertion the O'Shaughnessy does not show a broad based stock index, that the S&P Compustat/S&P 500 is a broad based stock index, and (answer, page 9) that the Morningstar database includes both the broad based S&P 500 Index and the Dow Jones Industrial Average (DJIA). With regard to appellants' assertion that O'Shaughnessy does not show the sorting steps, the examiner asserts (answer, page 10) that

> specifically O'Shaughnessy discloses selecting stocks of companies with database records indicating "market capitalization in excess of a desired capital amount." And the business practice of choosing capitalization weighted indices, in creating a stock portfolio is an old and well-established business practice and different indices can be used alternatively or simultaneously in an investment portfolio. This practice is designed to diversify the criteria in an investment portfolio and attract more investors investing in various stock databases.

Appellants respond (reply brief, page 1) that the examiner confuses the S&P Compustat database of stocks with the S&P 500 index, and that O'Shaughnessy fails to disclose the sorting steps. It is argued (reply brief, page 3) that the examiner has failed to produce or point to any evidence to support the assertion that Morningstar includes the S&P 500 and the DJIA.

From our review of O'Shaughnessy, we find, for the reasons which follow, that the reference fails to establish a prima facie case of anticipation of claim 1. We begin with the issue of whether O'Shaughnessy discloses a broad based stock index. The examiner states that the Morningstar database includes the S&P 500 index and the DJIA, but as noted by appellants, has provided no evidence to support the assertion. On the other hand, appellants' statement that the examiner has provided no evidence is not a traversal of the examiner's statement as there is no statement by appellants that the examiner's assertion is untrue or that they do not know the examiner's statement to be true. In any event, we find that the limitation of "broad based stock index" is met for three reasons. The first is that the S&P Compustat database is not a listing of all stocks in existence as asserted by appellants (brief, page 10) because some stocks are privately held and other stocks may be on different exchanges. The second is that the S&P Compustat database will include the stocks of the S&P 500 index as part of the database. From the comprising language of the claim, we find that the claim does not preclude the index from being part of a larger database. Thirdly, O'Shaughnessy also includes the Value Line database, and col. 11, line 64, the Board has located, from the web archive,

the Value Line website as it existed on May 13, 1998[1]. On the web site we find a listing of stock funds, at least some of which, such as the Value Line Fund, are, in our view, broad based stock indexes. However, it is at this point that we part company with the examiner.

From our review of O'Shaughnessy, we find that the reference selects stocks based on market capitalization in excess of $150,000,000 (col. 12, lines 47 and 48) or in excess of a desired amount (col. 11, lines 26 and 27) and selects stocks based on sales that are 1.5 times the database mean (col. 12, lines 62 and 63) or price-to-sales ratios lower than a desired amount (col. 11, line 28). In addition, O'Shaughnessy sorts the records identifying the stocks which meet the criteria in descending order into a sorted list and makes available from the top of the sorted list a listing of a number of stocks (col. 15, lines 26-30). However, O'Shaughnessy sorts the stocks according to one year appreciation in stock price (col. 15, lines 26 and 27) or dividend yield (col. 11, line 61). Because O'Shaughnessy does not sort based on market capitalization or sales, but rather selects based on market capitalization and sales and sorts based

[1] A copy of the document is enclosed with the Decision.

on one year appreciation and dividend, O'Shaughnessy fails to anticipate the language of claim 1, or independent claims 4 and 7 which include similar language. We add that neither does O'Shaughnessy sort by setting lowest market capitalization among a predetermined number of stocks in the sorted list as a predetermined value. Accordingly, we cannot sustain the rejection of claims 1, 4 and 7 under 35 U.S.C. § 102(e) as being anticipated by O'Shaughnessy.

We turn next to the rejection of claims 2, 5 and 8 under 35 U.S.C. § 103(a) as being unpatentable over O'Shaughnessy. We cannot sustain the rejection of these claims as there is no evidence in the record that it would have been obvious to an artisan to modify O'Shaughnessy to sort based on market capitalization and sales, as recited in claims 1,4 and 7, from which claims 2, 5 and 8 depend.

We turn next to the rejection of claims 3, 6 and 9 under 35 U.S.C. § 103(a) as being unpatentable over O'Shaughnessy in view of Bloom. We cannot sustain the rejection of these claims because Bloom fails to make up for the basic deficiencies of O'Shaughnessy.

CONCLUSION

To summarize, the decision of the examiner to reject claims 1-9 under 35 U.S.C. § 103 is reversed.

REVERSED

TERRY J. OWENS
Administrative Patent Judge

STUART S. LEVY
Administrative Patent Judge

ANTON W. FETTING
Administrative Patent Judge

BOARD OF PATENT APPEALS AND INTERFERENCES

Rothwell, Figg, Ernst & Manbeck, P.C.
1425 K Street, N.W.
Suite 800
Washington, DC 20005

SEL/ki